

**EAST BATON ROUGE PARISH
JUVENILE COURT**

BATON ROUGE, LOUISIANA

DECEMBER 31, 2013

L.A. CHAMPAGNE 
Certified Public Accountants

4911 BENNINGTON AVENUE, BATON ROUGE, LOUISIANA 70808-3153
(225) 925-1120 ~ FAX: (225) 927-8124 ~ EMAIL: lac@laccpa.com

TABLE OF CONTENTS

Independent auditor's report

Required supplementary information:

Management's discussion and analysis 1 - 7

Basic financial statements:

Statements

Government-wide financial statements:

1 Statement of net position 9

2 Statement of activities 10

Fund financial statements:

3 Balance sheet - governmental funds 11 - 12

4 Statement of revenues, expenditures, and changes in fund
balances – governmental funds 13 - 14

5 Statement of fiduciary net assets – fiduciary fund 15

Notes to basic financial statements 16 - 28

Required supplementary information:

Exhibits

1 Budgetary comparison schedule – general fund 30 - 31

2 Budgetary comparison schedule – Victims of Juvenile Crimes
Compensation fund 32

Notes to required supplementary information on budgetary
accounting and control 33

3 Other post employment benefits plan retiree health and dental
insurance programs – schedules of funding progress and
employer contributions 34

Independent auditor's report on internal control over financial reporting and
on compliance and other matters based on an audit of financial statements
performed in accordance with *Government Auditing Standards* 35 - 36

Schedule of findings and responses 37 - 38

Schedule of corrective action taken on prior year findings 39

Management's corrective action plan 40 - 41

INDEPENDENT AUDITOR'S REPORT

Honorable Judges of the
East Baton Rouge Parish Juvenile Court

We have audited the accompanying financial statements of the governmental activities and each major fund of the East Baton Rouge Parish Juvenile Court, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Court's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Court's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the East Baton Rouge Parish Juvenile Court as of December 31, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 1 – 7 and 29 - 32, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Auditing Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2014 on our consideration of the East Baton Rouge Parish Juvenile Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Baton Rouge Parish Juvenile Court's internal control over financial reporting and compliance.


May 16, 2014

REQUIRED SUPPLEMENTARY INFORMATION



Kathleen Stewart Richey
Judge, Division A

Pamela Taylor Johnson
Judge, Division B

JUVENILE COURT

PARISH OF EAST BATON ROUGE

8333 Veterans Memorial Boulevard
Baton Rouge, Louisiana 70807

TELEPHONE (225) 354-1250
FAX (225) 357-7876

Donna T. Carter
Judicial Administrator

Darlene Kaufman
Deputy Judicial Administrator

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the East Baton Rouge Parish Juvenile Court (the Court) provides an overview of the Court's activities for the year ended December 31, 2013. Please read it in conjunction with the Court's financial statements that begin on page 9.

FINANCIAL HIGHLIGHTS

- The Court's total net position decreased by \$268,700 or 21 percent.
- During the year, Court expenses exceeded Court revenues of \$1,290,340 generated for governmental operations by approximately \$268,700. Last year Court expenses exceeded Court revenues by approximately \$350,600.
- The total cost of overall Court operations decreased by \$66,700 or 4 percent.
- The general fund reported expenses exceeding revenues this year by \$32,300. Last year expenses exceeded revenues by \$31,000.
- The resources available for appropriation were approximately \$4,200 more than amounts originally budgeted for the general fund. Expenditures were less than original budgetary limits by approximately \$61,700.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Court as a whole and present a longer-term view of the Court's finances. Fund financial statements (on pages 11 – 14) tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the Court's operations in more detail than the government-wide statements.

Reporting the Court as a Whole

Our analysis of the Court as a whole begins on page 9. One of the most important questions asked about the Court's finances is, "Is the Court as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about

the Court as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Court's net position and changes in them. You can think of the Court's net position—the difference between assets and liabilities—as one way to measure the Court's financial health, or financial position. Over time, increases or decreases in the Court's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as number of cases handled by Juvenile Court as well as the State's economic condition to assess the overall health of the Court.

Currently, the Court has only governmental activities that provide for personnel, equipment, supplies and other costs related to the proper administration of Juvenile Court.

Reporting the Court's Funds

Our analysis of the Court's funds begins on page 11. The fund financial statements provide detailed information about the Court's funds—not the Court as a whole. All amounts received through the Victims of Juvenile Crime Compensation Fund are reported in a separate special revenue fund, while the fees for court costs and other revenues that finance activities of Juvenile Court are reported in the General Fund. These are governmental funds that focus on how money flows into and out of a fund and the balance left at year-end that is available for spending. These funds are reported using an accounting method called modified accrual basis of accounting, which measures only cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Court's operations and the services it provides. Governmental fund information helps you determine the amount of financial resources available to be spent in the near future to finance the Court's operations. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

THE COURT AS A WHOLE

The Court's total net position deficit increased by \$268,700 from \$(1,293,400) in 2012 to \$(1,562,100) in 2013 due to an increase in the Court's net *Other Post Employee Benefits (OPEB)* obligation.

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Court's governmental activities.

For the year ended December 31, 2013, net position changed as follows:

Table 1
Net Position

	2013	2012	Increase (Decrease)	
			Amount	Percent
Current and other assets	\$ 370,745	\$ 431,900	\$ (61,155)	(14) %
Capital assets	1,672	5,473	(3,801)	(69) %
Total assets	<u>372,417</u>	<u>437,373</u>	<u>(64,956)</u>	- %
Current liabilities	12,493	40,862	(28,369)	(69) %
Noncurrent liabilities	1,922,047	1,689,949	232,098	14 %
Total liabilities	<u>1,934,540</u>	<u>1,730,811</u>	<u>203,729</u>	12 %
Net position				
Invested in capital assets	1,672	5,473	(3,801)	(69) %
Restricted	74,113	74,639	(526)	- %
Unrestricted	<u>(1,637,908)</u>	<u>(1,373,550)</u>	<u>(264,358)</u>	19 %
Total net position deficit	<u>\$ (1,562,123)</u>	<u>\$ (1,293,438)</u>	<u>\$ (268,685)</u>	21 %

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by other legal restrictions – decreased by \$264,400 from \$(1,373,600) in 2012 to \$(1,637,900) at the end of the year.

The Court’s expenses in 2013 were approximately \$66,700 or 4 percent less than 2012 primarily due to a decrease in the Court’s *Other Post Employment Benefits (OPEB)* obligation in the amount of \$92,800 and an increases in personal services and employee benefits.

Since the closure of the Court’s Non-Support Program and Drug Court Program in 2011, 95 percent of the Court’s revenues are from City-Parish appropriated funds for Court operations. The other 5 percent of the Court’s revenues are from the *Supreme Court of Louisiana* for programmatic services for the *Families in Need of Services Assistance Program (FINSAP)*; delinquency court costs (fines and fees) payable to the *Victim of Juvenile Crime Compensation Fund*; and interest income.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is provided. Of particular interest is its format that is significantly different than that of the typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net Revenue/(Expense). The reason for this kind of format is to highlight the relative financial burden of each of the governmental functions. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

Table 2
Changes in Net Position

	2013	2012	Increase (Decrease)	
			Amount	Percent
Revenues				
Fees and fines	\$ 3,656	\$ 2,600	\$ 1,056	41 %
Intergovernmental	1,283,933	1,270,523	13,410	1 %
Charges for services	-	-	-	- %
Investment earnings	1,113	1,182	(69)	(6) %
Other	1,638	844	794	- %
Total revenues	<u>1,290,340</u>	<u>1,275,149</u>	<u>15,191</u>	- %
Program expenses				
Juvenile Court				
Court operations	1,490,130	1,558,819	(68,689)	(4) %
Non-support program	-	2,574	(2,574)	(100) %
FINSAP	64,492	61,971	2,521	4 %
Reparations to crime victims	4,403	2,419	1,984	82 %
Total expenses	<u>1,559,025</u>	<u>1,625,783</u>	<u>(66,758)</u>	(4) %
Increase (decrease) in net position	<u>\$ (268,685)</u>	<u>\$ (350,634)</u>	<u>\$ 81,949</u>	(23) %

THE COURT'S FUNDS

As the Court completed the year, its general fund (as presented in the balance sheet on page 11) reported a fund balance of \$281,100 which is \$32,300 less than last year's total of \$313,400.

The following schedule presents a summary of the general fund revenues and expenditures for the fiscal year ended December 31, 2013, and the amount and percentage of increases and decreases in relation to the prior year.

**Table 3
General Fund Revenues and Expenditures**

	2013		2012	
	Amount	Percent of Total	Amount	Percent of Total
Revenues				
Intergovernmental	\$ 1,283,932	100 %	\$ 1,270,522	100 %
Investment earnings	892	-	961	-
Other	1,638	-	844	-
Total revenues	<u>1,286,462</u>	<u>100</u>	<u>1,272,327</u>	<u>100</u>
Expenditures				
Juvenile Court				
Court operations	1,254,230	97	1,238,776	97
Non-support program	-	-	2,574	-
FINSAP	64,492	5	61,971	5
	<u>1,318,722</u>	<u>103</u>	<u>1,303,321</u>	<u>102</u>
Capital outlay	-	-	-	-
Total expenditures	<u>1,318,722</u>	<u>103</u>	<u>1,303,321</u>	<u>102</u>
Deficiency of revenues over expenditures	<u>\$ (32,260)</u>	<u>(3) %</u>	<u>\$ (30,994)</u>	<u>(2) %</u>

Juvenile Court expenditures increased overall by approximately \$15,400 or 1 percent primarily due to an increase in personal services and employee benefits.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the General Fund budget was revised one time. When comparing original budgeted revenues to the amended budget and to actual revenues at year end, the only notable change in revenues was additional programmatic funds received from the Supreme Court of Louisiana in the amount of \$2,500 toward the *Families in Need of Services Assistance Program (FINSAP)*.

All Juvenile Court *salaries and benefits* are paid by the City-Parish from the *Juvenile Court's Annual City-Parish Operating Budget*. The Juvenile Court General Fund must supplement those salaries and benefits during the budget year and any expenses covered by the City-Parish in excess of the Court's annual City-Parish appropriation must be refunded to the City-Parish from the general fund. Juvenile Court expenses needed for payment to the City-Parish from the Court's general fund for 2013 were substantially less than initially projected in *personal services and benefits* due partially to various unanticipated personnel changes. Also, at year-end, Juvenile Court had additional unused funds in its *City-Parish Operating Budget* in *contractual services* that were transferred by the City-Parish into *salaries and benefits* which subsequently lowered the total amount of funds due to the City-Parish from the Juvenile Court general fund. All of the aforementioned occurrences affected the total amount of funds needed from the Juvenile Court general fund to supplement the Court's *2013 City-Parish Annual Operating Budget*. Essentially,

because lesser funds were needed than projected for *contractual services* in the Court's 2013 City-Parish Budget some of the salary expenses initially budgeted for payment from the Court's general fund were funded by the City-Parish.

Actual Juvenile Court expenses were \$61,700 less than initially budgeted for the above-stated reasons.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2013, the Court had \$298,600 invested in capital assets including computer equipment. (See Table 4 below.) This represents a net decrease of approximately \$9,900 or approximately 3 percent from last year.

Table 4
Capital Assets at Year-end

	<u>2013</u>	<u>2012</u>
Computer equipment, including software	\$ 258,494	\$ 268,361
Other office equipment	27,617	27,617
Furniture and fixtures	12,518	12,518
Totals	<u>\$ 298,629</u>	<u>\$ 308,496</u>

Debt

At year-end, December 31, 2013, the Court had a total of \$178,300 estimated for accrued compensated absences that represent the future liability for vacation earned but not used by Juvenile Court employees. That is a 4 percent increase from 2012 as shown in the following table:

Table 5
Outstanding Debt at Year-end

	<u>2013</u>	<u>2012</u>
Accrued compensated absences	<u>\$ 178,295</u>	<u>\$ 171,054</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

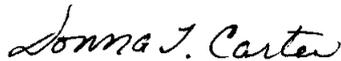
In January 2013, City-Parish denied 3% annual merit increases for the seventeen (17) full time regular Juvenile Court employees. Consequently, each of those seventeen (17) employees were given salary increases in the sum of \$1,200 per year funded by the Court's general fund. The Court's general fund balance is primarily made up of the Non-Support Program surplus funds left over from the Court's now defunct Non-Support Program. As the Court's general fund balance steadily decreases with each passing year, the Court becomes increasingly more dependent on the

Court's *City-Parish Annual Operating Budget* for all funding with the exception of approximately \$50,000 annually generated by the Court's *Judicial Expense Fund* from Clerk of Court filing fees; traffic fines; delinquency court costs; and bail bond revenues. *Judicial Expense Fund* revenues are used to supplement the Court's City-Parish funding for supplies and contractual services.

The Court's *2014 City-Parish Annual Operating Budget* appropriation provided an overall decrease of .28 percent less than 2013 which included a \$500 decrease for *employee benefits*; a decrease of \$3,500 for *supplies*; and a minimal increase of \$500 for *contractual services*. No funds were appropriated for capital outlay in 2014.

CONTACTING THE COURT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Court's finances and to show the Court's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Judicial Administrator's Office at 8333 Veterans Memorial Boulevard, Baton Rouge, Louisiana.



Donna T. Carter
Judicial Administrator

BASIC FINANCIAL STATEMENTS

**EAST BATON ROUGE PARISH JUVENILE COURT
STATEMENT OF NET POSITION**

December 31, 2013

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 306,535
Accounts receivable	110
Receivable from other governments	61,100
Prepaid expense	<u>3,000</u>
Total current assets	370,745
Noncurrent assets:	
Capital assets, net of depreciation	<u>1,672</u>
Total assets	<u>\$ 372,417</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ -</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 3,627
Accrued salaries	<u>8,866</u>
Total current liabilities	12,493
Noncurrent liabilities:	
Accrued compensated absences	178,295
Other post employment benefit obligation	<u>1,743,752</u>
Total liabilities	<u>\$ 1,934,540</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ -</u>
NET POSITION	
Net investment in capital assets	\$ 1,672
Restricted for:	
Reparations to crime victims	74,113
Unrestricted	<u>(1,637,908)</u>
Total net position	<u>\$ (1,562,123)</u>

See accompanying notes to the basic financial statements.

EAST BATON ROUGE PARISH JUVENILE COURT
STATEMENT OF ACTIVITIES

Year ended December 31, 2013

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenue (Expense)
Functions/Programs					
Governmental activities:					
Juvenile Court:					
Court operations	\$ 1,490,130	\$ -	\$ -	\$ -	\$ (1,490,130)
FINSAP program	64,492	-	64,492	-	-
Reparations to crime victims	4,403	3,656	-	-	(747)
Total governmental activities	\$ 1,559,025	\$ 3,656	\$ 64,492	\$ -	\$ (1,490,877)
General revenues:					
Intergovernmental					1,219,441
Interest					1,113
Other					1,638
Total general revenues					1,222,192
Change in net position					(268,685)
Net position - beginning of year as previously reported					225,457
Correction of other post employment benefit obligation relating to prior years					(1,518,895)
Net position deficit - beginning of year as restated					(1,293,438)
Net position deficit - end of the year					\$ (1,562,123)

See accompanying notes to the basic financial statements.

EAST BATON ROUGE PARISH JUVENILE COURT
BALANCE SHEETS
GOVERNMENTAL FUNDS
December 31, 2013

	General Fund	Victims of Juvenile Crime Compensation Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 233,437	\$ 73,098	\$ 306,535
Accounts receivable	110	-	110
Due from other governments	61,100	-	61,100
Due from other funds	-	1,015	1,015
Total assets and other debits	<u>\$ 294,647</u>	<u>\$ 74,113</u>	<u>\$ 368,760</u>
LIABILITIES			
Due to other governments	\$ 3,627	\$ -	\$ 3,627
Due to other funds	1,015	-	1,015
Accrued salaries	8,866	-	8,866
Total liabilities	<u>13,508</u>	<u>-</u>	<u>13,508</u>
FUND BALANCES			
Reserved for:			
Reparations to crime victims	-	74,113	74,113
Unassigned	281,139	-	281,139
Total fund balances	<u>281,139</u>	<u>74,113</u>	<u>355,252</u>
Total liabilities and fund balances	<u>\$ 294,647</u>	<u>\$ 74,113</u>	<u>\$ 368,760</u>

See accompanying notes to the basic financial statements.

**EAST BATON ROUGE PARISH JUVENILE COURT
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**

Total governmental fund balances		\$ 355,252
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund.		1,672
Some expenditures reported in the funds benefit a future period and are not reported as governmental activities of the current period.		3,000
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		
Accrued compensated absences	\$ (178,295)	
Other post retirement benefits	<u>\$ (1,743,752)</u>	<u>(1,922,047)</u>
Net assets of governmental activities		<u>\$ (1,562,123)</u>

See accompanying notes to the basic financial statements.

**EAST BATON ROUGE PARISH JUVENILE COURT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

Year ended December 31, 2013

	General Fund	Victims of Juvenile Crime Compensation Fund	Total Governmental Funds
REVENUES			
Fees and fines	\$ -	\$ 3,656	\$ 3,656
Intergovernmental	1,283,932	-	1,283,932
Interest	892	221	1,113
Other	1,638	-	1,638
Total revenues	<u>1,286,462</u>	<u>3,877</u>	<u>1,290,339</u>
EXPENDITURES			
Current operations:			
Juvenile Court			
Court operations	1,254,230	-	1,254,230
FINSAP program	64,492	-	64,492
Reparations to crime victims	-	4,403	4,403
Capital expenditures	-	-	-
Total expenditures	<u>1,318,722</u>	<u>4,403</u>	<u>1,323,125</u>
OTHER FINANCING SOURCES			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES			
	(32,260)	(526)	(32,786)
Fund balances - beginning of year	<u>313,399</u>	<u>74,639</u>	<u>388,038</u>
Fund balances - end of year	<u>\$ 281,139</u>	<u>\$ 74,113</u>	<u>\$ 355,252</u>

See accompanying notes to the basic financial statements.

**EAST BATON ROUGE PARISH JUVENILE COURT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Net change in fund balances - total governmental funds \$ (32,786)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (3,801)

Some expenditures reported in the funds benefit a future period and are not reported as governmental activities of the current period. 3,000

Some expenditures reported in the funds in a prior period are reported in governmental activities in the current period. (3,000)

Some expenditures reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	\$ (7,241)	
Net post employment benefit obligation	\$ <u>(224,857)</u>	<u>(232,098)</u>

Change in net assets of governmental activities \$ (268,685)

EAST BATON ROUGE PARISH JUVENILE COURT
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUND
December 31, 2013

	<u>Agency Fund</u>
ASSETS	
Cash	\$ 106,000
Total assets and other debits	<u>\$ 106,000</u>
LIABILITIES	
Accounts payable	\$ 1,348
Bail bond deposits	101,598
Due to JEF	<u>3,054</u>
Total liabilities	<u>\$ 106,000</u>

See accompanying notes to the basic financial statements.

EAST BATON ROUGE PARISH JUVENILE COURT NOTES TO FINANCIAL STATEMENTS

December 31, 2013

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial reporting entity

The East Baton Rouge Parish Juvenile Court was established by a 1990 legislative act and is provided for under Louisiana Revised Statutes Sections 13:1621 through 13:1630. The Juvenile Court has jurisdiction regarding the interest of children alleged to be delinquent, abandoned, neglected, or otherwise in need of supervision or care.

The Court also carries on certain ancillary activities including those related to the maintenance of a victim of juvenile crime compensation fund under RS 13:1561 and the maintenance of a court registry for appearance bond deposits under Article 825 of the Louisiana Children's Code.

As the governing authority of the consolidated government, the City of Baton Rouge, Parish of East Baton Rouge (City-Parish) is the financial reporting entity for the consolidated government. In compliance with the provisions of GASB No. 14, *The Financial Reporting Entity*, the financial reporting entity consists of the primary government (City-Parish), and includes all component units of which the City-Parish appoints a voting majority of the units' board; the City-Parish is either able to impose its will on the unit or a financial benefit or burden relationship exists.

The Court is part of the operations of the juvenile court system that is fiscally dependent on the City-Parish. The City-Parish provides the facilities for court operations and appropriates funds for personal services, and other supplies and services in its annual budget. The nature of the relationship between the Court and the City-Parish is significant. Therefore, the Court was determined to be a component unit of the City of Baton Rouge, Parish of East Baton Rouge, the financial reporting entity. The accompanying financial statements present information only on the East Baton Rouge Parish Juvenile Court as noted below and do not present any other information on the City-Parish, the general government services provided by that governmental unit, or on the other governmental units that comprise the financial reporting entity.

Basis of presentation

The accompanying financial statements have been prepared in accordance with accounting principles general accepted in the United States of America as prescribed by the Government Accounting Standards Board (GASB). These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by the GASB. GASB is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

The East Baton Rouge Parish Juvenile Court's (Court) basic financial statement consist of the government-wide statements and the fund financial statements. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units and promulgated by the GASB *Codification of Governmental*

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting and Financial Reporting Standards. The entity-wide financial statements follow the guidance included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained In Pre-November 30, 1989 FASB and AICPA Pronouncements.*

The East Baton Rouge Parish Juvenile Court adopted Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This statement changed the government-wide statement of net assets from three elements to five, adding deferred outflows and deferred inflows and re-named it the statement of net position.

Government-wide financial statements – The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund financial statements – The financial transactions of the Court are reported in individual funds in the fund financial statements. Each fund is accounted for by a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures.

The Court uses the governmental and fiduciary fund types. The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The fiduciary fund type is custodial in nature and does not involve the measurement of results of operations.

The funds of the Court are described below:

Governmental funds

General fund – The General fund is the primary operating fund of the Court. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue fund – The Special Revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Fiduciary fund

Agency fund – The Agency fund accounts for assets held by the Court in a purely custodial capacity.

Measurement focus and basis of accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus – The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

Basis of accounting - The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when “measurable and available.” Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

Financial statement amounts

Cash and cash equivalents – “Cash and cash equivalents” includes all demand deposits, money market accounts, and certificates of deposit held by the Court.

Interfund receivables and payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Interfund receivables and payables are eliminated in the Statement of Net Assets. Details of interfund receivables and payables at year end are found in Note I.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. All amounts are deemed collectible in full and no allowance for uncollectible accounts receivable has been recorded.

Interest earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Computer equipment, including software	3 – 10 years
Other office equipment	5 – 10 years
Furniture and fixtures	10 – 20 years

In the fund financial statements, fixed assets are accounted for as capital outlay expenditures of the fund upon acquisition. Capital assets reported herein include only those assets purchased by the Court and do not reflect assets obtained from other sources.

Revenues

Substantially all government fund revenues are accrued. Those revenues include amounts due under grant contracts, as well as fees earned and interest revenue.

Expenditures

Expenditures are recognized when the related fund liability is incurred.

Compensated absences

Annual vacation leave accrues on a scale related to an employee's length of service. Annual leave may accumulate up to the number of days that can be earned during the five most recent years of employment limited to a maximum total accumulation of one hundred twenty (120) days. Annual leave is payable for actual vacation days and accumulations are payable upon termination, retirement or death.

Certain employees may accrue compensatory time in lieu of overtime payment for up to thirty (30) days. The compensatory leave is payable upon termination, retirement or death.

Sick leave accrues on the same basis as does annual vacation leave and may accumulate without limit. However, sick leave is payable only upon absence from work for designated medical reasons. Accumulated sick leave is not payable upon termination, retirement or death.

In accordance with GASB Statement No. 16, which requires the accrual for vacation leave and compensatory time to the extent it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement, the Court has recorded a liability as of December 31, 2013 for 100% of the accrued vacation for each employee up to a maximum of 120 days and accrued compensatory time up to a maximum of 30 days at the employee's current rate of pay. Additionally, applicable percentages of social security and Medicare taxes have been added to the above accruals.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 16 requires the accrual for accumulated sick leave only if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' termination or retirement. Since payments are not made for accumulated sick leave in any case, no amount has been accrued.

The amounts shown for fiscal year 2013 in the accompanying financial statements for accrued compensated absences represent a liability of the Court for all its employees except the judges and hearing officer because such compensation in excess of the City-Parish annual budget allowance would be paid out of Court funds. Management has determined that payments for accrued compensated absences will likely be paid from future years' resources. Since this amount will not be paid from current funds, it is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Other Post Employment Benefits (OPEBs)

Government accounting principles establishes standards for the measurement, recognition, and display of OPEB costs and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (e.g., life insurance) when provided separately from a pension plan.

Fund Equity of Fund Financial Statements

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below in accordance with Governmental Accounting Standards Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

Nonspendable – represent permanently nonspendable balances that are not expected to be converted to cash.

Restricted – represent balances where constraints have been established by parties outside of the Court or by under enabling legislation.

Committed – represent balances where constraints have been established by formal action of the Court.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned – represent balances where informal constraints have been established by the Court, but are not restricted nor committed.

Unassigned – represent balances for which there are no constraints.

When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, the Court reduces restricted amounts first, followed by unrestricted amounts.

B: CASH AND INVESTMENTS

Cash includes amounts in demand deposits and time deposits. Under state law, the Court may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Custodial credit risk is the risk that in the event of a bank failure, the Judicial Expense Fund’s deposits may not be returned. The Judicial Expense Fund does not have a deposit policy for custodial credit risk.

At December 31, 2013, the Court had demand deposits (book balances) as follows:

Interest bearing demand deposits	306,535
Other demand deposits	<u>106,000</u>
	<u>\$ 412,535</u>

These deposits are stated at cost, which approximates market.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2013, Juvenile Court has \$417,137 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$403,931 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the court that the fiscal agent has failed to pay deposited funds upon demand.

C: INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables due to the general fund at December 31, 2013, are as follows:

City of Baton Rouge-Parish of East Baton Rouge \$ 61,100

D: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013, is as follows:

	Balance December 31, 2012	Additions	Deletions	Balance December 31, 2013
Computer equipment, including software	\$ 268,361	\$ -	\$ 9,867	\$ 258,494
Other office equipment	27,617	-	-	27,617
Furniture and fixtures	12,518	-	-	12,518
Totals at historical cost	<u>308,496</u>	<u>-</u>	<u>9,867</u>	<u>298,629</u>
	Balance December 31, 2012	Additions	Deletions	Balance December 31, 2013
Less accumulated depreciation				
Computer equipment, including software	265,481	2,632	9,867	258,246
Other office equipment	26,772	845	-	27,617
Furniture and fixtures	10,770	324	-	11,094
Totals at historical cost	<u>303,023</u>	<u>3,801</u>	<u>9,867</u>	<u>296,957</u>
Capital assets, net	\$ <u>5,473</u>	\$ <u>(3,801)</u>	\$ <u>-</u>	\$ <u>1,672</u>

Depreciation expense of \$3,801 was charged to governmental activities for Juvenile Court – Court operations.

E: LONG-TERM DEBT

As of December 31, 2013, the governmental long-term debt consisted of the following:

Accrued compensated absences – noncurrent portion \$ 178,295

E: LONG-TERM DEBT (Continued)

The following is a summary of changes in long-term debt for the year ended December 31, 2013:

	Balance December 31, 2012	Additions	Deductions	Balance December 31, 2013	Amounts Due within One Year
Accrued Compensated Absences	\$ 171,054	\$ 7,241	\$	\$ 178,295	\$ -

F: SALARY EXPENDITURES

The Court administers the payroll for all Juvenile Court employees excluding the judges. The City-Parish and the East Baton Rouge Parish Juvenile Court - Judicial Expense Fund reimburses the Court for those salaries disbursed by the court but appropriated in their respective budgets.

G: PENSION PLANS

Plan Description

The East Baton Rouge Parish Juvenile Court contributes to the Employees' Retirement System, City of Baton Rouge and Parish of East Baton Rouge (the System) for all full time Juvenile Court employees. The System is a defined-benefit, cost sharing, multiple employer pension plan that provides retirement benefits for all full-time City-Parish employees and various related agencies and entities and is controlled and governed by a separate board of trustees. The System provides full retirement benefits for all covered employees with 25 years of service, regardless of age and minimum eligibility benefits at age 55 with 10 years of service, or 20 years of service regardless of age. The City-Parish Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Employees' Retirement System, City of Baton Rouge and Parish of East Baton Rouge, P. O. Box 1471, Baton Rouge, LA 70821.

Funding Policy

Plan members are required to contribute 9.5% of their annual covered salary and the Juvenile Court is required to contribute at an actuarially determined rate. The rate at December 31, 2013, was 24.53% of annual covered payroll. The contribution requirements of plan members and the Juvenile Court are established and may be amended by the System Board of Trustees. The Juvenile Court's contributions to the System for the years ending December 31, 2013, 2012, and 2011 were \$91,551, \$82,765, and \$152,034, respectively, equal to the required contributions for each year.

H: OTHER POST-EMPLOYMENT BENEFITS

The Court is a component unit of the City-Parish and its employees participate in the City-Parish health benefits program. The City-Parish's other post employment benefits plan (OPEB) is a single-employer defined benefit "substantive plan" as understood by past practices of the employer and its employees. Although no written plan or trust currently exists or is sanctioned by law, the OPEB plan is reported based on communications to plan members.

Retirees may continue their coverage under the City-Parish's health plans in accordance with Parish Resolution 10179 adopted by the Parish Council on December 13, 1972 and amended by Metropolitan Council Resolution 42912 adopted November 12, 2003. Based on current practices, upon retirement, a totally vested employee may continue his coverage paying the same premiums and receiving the same benefits as active employees. If the participant meets the criteria for retirement, the government pays the following percentages of scheduled premiums:

<u>Years of Service</u>	<u>Vested Percentage</u>
Fewer than 10	25%
10 – 15 years	50%
15 – 20 years	75%
Over 20 years	100%

Funding policy

The contribution requirements of the employees/retirees and the City-Parish and participating City-Parish employers are established in the annual City-Parish operating budget and may be amended in subsequent years. During 2013, the health/dental plan was funded with employees and retirees contributing from 25% to 48% of the health and dental premium and the City-Parish contributing from 52% to 75% of the health and dental premiums, dependent upon the number of family members covered. Effective January 1, 2003, the employer portion of pay-as-you-go OPEB insurance premiums are allocated over all employers and funds that participate in the OPEB plan.

Annual OPEB Cost and Net OPEB Obligation

The City-Parish's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of Section P50 of the *GASB Codification of Government Accounting and Financial Reporting Standards*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated as part of the January 1, 2013, biannual actuarial valuation performed by an outside actuary consultant. These components of OPEB were allocated to the Court based on its proportionate share of total contributions made in the previous year.

H: OTHER POST-EMPLOYMENT BENEFITS (Continued)

The following table shows the components of the Court's annual OPEB cost for the year end December 31, 2013 and the amount actually contributed to the plan during the year:

Annual required contributions (ARC)	\$ 312,362
Interest on net OPEB obligation	51,436
Adjustment to ARC	<u>(51,103)</u>
Annual OPEB cost (expense)	312,695
Less: Contributions made	<u>(87,838)</u>
Increase in net OPEB obligation	224,857
Net OPEB obligation - beginning of year	<u>1,518,895</u>
Net OPEB obligation - end of year	<u>\$ 1,743,752</u>

Trend Information for OPEB Plan:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/11	395,149	30.6%	1,289,459
12/31/12	317,663	20.9%	1,518,895
12/31/13	312,695	17.9%	1,743,752

Funding status and funding progress

As of January 1, 2013, the most recent actuarial valuation date, the plan was zero percent funded. The Court's allocated portion of the actuarial accrued liability for benefits was approximately \$1,743,752 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

H: OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funding progress for the most recent valuation date is as follows:

Actuarial Valuation Date		January 1, 2013
Actuarial Accrued Liability (AAL)	\$	4,352,633
Actuarial Value of Plan Assets		-
Unfunded Actuarial Accrued Liability (UAAL)	\$	<u>4,352,633</u>
Funded Ration (Actuarial Value of Assets/AAL)		0%
Covered Payroll (active plan members)	\$	752,409
UAAL as a percentage of covered payroll		578%

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The unit credit actuarial cost method was used for the January 1, 2013, actuarial valuation. Because the government currently finances OPEB using a pay-as-you-go approach, the discount rate is based on the historical (and expected investment that are expected to be used in financing the payment of benefits). The actuarial assumptions included a four percent investment rate of return, compounded annually.

Life expectancies were based on the Sex Distinct 2000 Combined Healthy Mortality Table set projected to 2014 using Scale AA. Turnover rates were based on the government's historical data and modified based on years of employment. Probabilities of disability, retirement rates, and withdrawal rates are based on the government's historical data using probabilities for the government's retirement systems.

Both historical retiree claim costs and year 2013 retiree health insurance premiums were used as the basis for calculation of the present value of total benefits to be paid. The plan assumes a medical inflation rate of 5.1% beginning in 2013, decreasing to a rate of 4.5% in 2088. The actuarial valuation also assumes that (1) seventy-five to eight-five percent of employees are assumed to be married at retirement; (2) female spouses are assumed to be three years younger than males; (3) eighty percent of employees married at retirement will elect spouse's coverage; (4) zero percent of employees will have dependent children at retirement; (5) one hundred percent of employees will elect Medicare coverage when they are first eligible; and (6) ten percent of participants hired prior to April 1, 1986, are assumed to be ineligible for Medicare upon reaching age sixty-five. However, all spouses of retirees are assumed to be Medicare eligible upon reaching age sixty-five.

H: OTHER POST-EMPLOYMENT BENEFITS (Continued)

The amortization method for the plan is a level percentage of payroll with a thirty year open amortization. The expected long-term payroll growth rate was estimated at 3.0 percent, compounded annually. The remaining amortization period at January 1, 2013, was thirty years.

Life insurance benefits

In accordance with City Resolution 5942 and Parish Resolution 12478 adopted by the respective councils on April 14, 1976, all employees who retire after May 1, 1976 have \$3,000 of term life insurance coverage. The cost of this insurance is paid by the City-Parish through an actuarially determined monthly assessment of 70 cents per active employee. The premium is paid into an Insurance Continuance Fund Account.

The Court does not recognize expenditures for these life insurance benefits since they are provided by the City-Parish.

I: INTERFUND TRANSACTIONS

The following is a summary of amounts due from and due to other funds at December 31, 2013:

	<u>Due From</u>	<u>Due To</u>
General fund		
Victims of Juvenile Crime Compensation fund	\$ -	\$ 1,015
Victims of Juvenile Crime Compensation fund		
General fund	1,015	-
	<u>\$ 1,015</u>	<u>\$ 1,015</u>

J: CONCENTRATIONS OF CREDIT RISK

Intergovernmental receivables represent amounts due from other East Baton Rouge Parish governmental agencies. Payment of these amounts is partly dependent upon the economic and financial conditions within East Baton Rouge Parish and the State of Louisiana.

K: OTHER EXPENDITURES OF THE JUVENILE COURT

Certain operating expenditures of the juvenile court are paid directly or reimbursed by the City-Parish and the East Baton Rouge Parish Juvenile Court – Judicial Expense Fund. The expenditures for the operation of the Juvenile Court paid by these entities for the year ended December 31, 2013, are summarized as follows:

	<u>City-Parish</u>	<u>Judicial Expense Fund</u>
Personal services	\$ 760,863	\$ -
Group benefits	337,885	-
Supplies	52,236	-
Contractual services	68,457	-
	<u>\$ 1,219,441</u>	<u>\$ -</u>

L: SUBSEQUENT EVENTS

Subsequent events were evaluated through May 16, 2014, which is the date the financial statements were available to be issued.

M: RESTATEMENT

Net position as of December 31, 2012 has been restated and decreased by \$1,518,895 to reflect the unrecorded amount of other post employment benefits (OPEB) allocated by the City-Parish to the Court.

REQUIRED SUPPLEMENTARY INFORMATION

**EAST BATON ROUGE PARISH JUVENILE COURT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

Year ended December 31, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Budgetary fund balance - December 31, 2012 as previously reported	\$ 317,603	\$ 313,399	\$ 313,399	\$ -
Resources (inflows):				
Intergovernmental:				
Families in Need of Services Assistance Program	61,970	64,490	64,492	2
City of B.R./Parish of E.B.R.:				
Compensation and Benefits	-	-	-	-
Miscellaneous revenue	-	-	1,638	1,638
Interest	840	900	892	(8)
Amounts available for appropriation	<u>62,810</u>	<u>65,390</u>	<u>67,022</u>	<u>1,632</u>
Charges to appropriations (outflows):				
Current:				
Juvenile Court:				
Personal services:				
Salaries	97,000	69,445	793,144	-
Less intergovernmental reimbursements	-	-	(760,863)	-
Net personal services	97,000	69,445	32,281	37,164
Group benefits:				
Payroll taxes	-	-	16,220	-
Retirement	-	-	91,551	-
Post-Employment benefit	-	-	134,732	-
Insurance	-	-	95,382	-
Less intergovernmental reimbursements	-	-	(337,885)	-
Net group benefits	-	-	-	-
Supplies:				
Office supplies	-	-	52,236	-
Less intergovernmental reimbursements	-	-	(52,236)	-
Net supplies	-	-	-	-
Contract services:				
Bank service charge	-	-	510	510
Auditing & accounting	2,000	2,000	3,600	1,600
Other professional fees	-	-	9,918	9,918
Telephone and communication	-	-	4,408	4,408
Other contractual services	-	-	52,530	52,530
Less intergovernmental reimbursements	-	-	(68,457)	(68,457)
Net contract services	2,000	2,000	2,509	(509)

Exhibit 1 (Continued)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
FINSAP program				
Contractual services:				
Programmatic services	<u>61,970</u>	<u>64,490</u>	<u>64,492</u>	<u>(2)</u>
Total current	<u>160,970</u>	<u>135,935</u>	<u>99,282</u>	<u>36,653</u>
Capital outlay:				
Computer equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total charges to appropriations	<u>160,970</u>	<u>135,935</u>	<u>99,282</u>	<u>36,653</u>
Budgetary fund balance - December 31, 2013	<u>\$ 219,443</u>	<u>\$ 242,854</u>	<u>\$ 281,139</u>	<u>\$ 38,285</u>

See accompanying notes to budgetary comparison schedules.

**EAST BATON ROUGE PARISH JUVENILE COURT
BUDGETARY COMPARISON SCHEDULE -
VICTIMS OF JUVENILE CRIMES COMPENSATION FUND**

Year ended December 31, 2013

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance - December 31, 2012	\$ 74,237	\$ 74,639	\$ 74,639	\$ -
Resources (inflows):				
Juvenile traffic/crime fines	2,700	2,850	3,656	806
Interest	<u>220</u>	<u>200</u>	<u>221</u>	<u>21</u>
Amounts available for appropriation	<u>2,920</u>	<u>3,050</u>	<u>3,877</u>	<u>827</u>
Charges to appropriations (outflows):				
Reparations to crime victims	<u>2,920</u>	<u>4,070</u>	<u>4,403</u>	<u>(333)</u>
Total charges to appropriations	<u>2,920</u>	<u>4,070</u>	<u>4,403</u>	<u>(333)</u>
Budgetary fund balance - December 31, 2013	<u>\$ 74,237</u>	<u>\$ 73,619</u>	<u>\$ 74,113</u>	<u>\$ 494</u>

See accompanying notes to budgetary comparison schedules.

**EAST BATON ROUGE PARISH JUVENILE COURT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL**

December 31, 2013

Budgetary accounting and control

Budget law

The Court prepares its annual operating budget under the provisions of the Louisiana Municipal Budget Act. In accordance with those provisions, the following procedures are used in adopting the annual budget for the general fund:

- (1) An operating budget is prepared for the general and special revenue funds at least fifteen days prior to the commencement of the budgetary fiscal year. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- (2) The budget is available for public inspection at least fifteen days prior to the beginning of the fiscal year.
- (3) The budget is adopted after consideration of public comment, if any, and authorized for implementation on the first day of the fiscal year.
- (4) The general and special revenue funds' budgets are prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by character (personal services, group benefits, supplies, contractual services and capital outlay). Total expenditures constitute the legal level of control. Expenditures may not exceed the sum of appropriations plus the unreserved prior year fund balance. The budget may be revised during the year as estimates regarding revenues and expenditures change.
- (5) Appropriations lapse at the end of each fiscal year.

Budgetary accounting

The annual operating budgets of the general and special revenue funds are prepared and presented on the modified accrual basis of accounting.

**EAST BATON ROUGE PARISH JUVENILE COURT
OTHER POST EMPLOYMENT BENEFITS PLAN
RETIREE HEALTH AND DENTAL INSURANCE PROGRAMS
YEAR ENDED DECEMBER 31, 2013**

SCHEDULE OF FUNDING PROGRESS

Year Ended	Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered
12/31/13	01/01/13	\$	\$ 4,352,633	\$ 4,352,633	0.00%	\$ 752,409	578%
12/31/12	01/01/11	-	4,834,323	4,834,323	0.00%	756,098	639%
12/31/11	01/01/11	-	6,014,642	6,014,642	0.00%	936,938	642%
12/31/10	01/01/09	-	5,096,729	5,096,729	0.00%	968,065	526%
12/31/09	01/01/09	-	4,759,937	4,759,937	0.00%	908,482	524%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended	Annual OPEB cost	Amount Contributed	Percentage of Annual OPEB costs Contributed	Increase to Net OPEB Obligation	Net OPEB Obligation
12/31/13	\$ 312,695	\$ 87,838	28.09%	\$ 224,857	\$ 1,743,752
12/31/12	317,663	88,227	27.77%	229,436	1,518,895
12/31/11	395,149	114,855	29.07%	280,294	1,289,459
12/31/10	353,058	107,656	30.49%	245,402	1,017,786
12/31/09	329,908	75,376	22.85%	254,532	772,384

See accompanying notes to budgetary comparison schedules.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Judges of the
East Baton Rouge Parish Juvenile Court

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of East Baton Rouge Parish Juvenile Court, a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the East Baton Rouge Parish Juvenile Court's basic financial statements and have issued our report thereon dated May 16, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the East Baton Rouge Parish Juvenile Court's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the East Baton Rouge Parish Juvenile Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the East Baton Rouge Parish Juvenile Court's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the East Baton Rouge Parish Juvenile Court's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies as items 2006-1 and 2006-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the East Baton Rouge Parish Juvenile Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

East Baton Rouge Parish Juvenile Court's Response to Findings

East Baton Rouge Parish Juvenile Court's response to the findings identified in our audit is described in the accompanying schedule of findings and responses and the corrective action plan. East Baton Rouge Parish Juvenile Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Court's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Court's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


May 16, 2014

**EAST BATON ROUGE PARISH JUVENILE COURT
SCHEDULE OF FINDINGS AND RESPONSES**

Year Ended December 31, 2013

A: SUMMARY OF AUDIT RESULTS

1. The auditor expresses an unmodified opinion on the financial statements of the East Baton Rouge Parish Juvenile Court.
2. Two significant deficiencies in the internal controls relating to the audit of the financial statements are reported in the "Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*."
3. No instances of noncompliance material to the financial statements of the East Baton Rouge Parish Juvenile Court were disclosed during the audit.
4. Not applicable.
5. Not applicable.
6. Not applicable.
7. A management letter was not issued in conjunction with this engagement.
8. Not applicable.
9. Not applicable.
10. Not applicable.

B: FINDINGS – FINANCIAL STATEMENT AUDIT

- 2006-1 As part of the audit process, we have always assisted management in drafting the financial statements and related notes as part of our year-end audit procedures. The definition of internal control over financial reporting is that policies and procedures exist to assure an entity's ability to initiate, record, process, and report financial data consistent with assertions embodied in the annual financial statements, and that financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Because our involvement is so key to that process there is an indication that the internal control over financial reporting of the Organization meets the definition of a significant deficiency as defined above.

B: FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

Management acknowledges the condition as described above. Although Juvenile Court management does not actually prepare and draft the financial statements, they have the capacity and experience to oversee the drafting of financial statements prepared in accordance with generally accepted accounting principles; they provide all of the information to be included in the financial statements and they understand the financial statements presentation. However, at this time it is not feasible for the Juvenile Court to acquire the expertise necessary to actually draft the year-end financial statements.

2006-2 Although the year-end audited financial statements are adjusted to the accrual basis or modified accrual basis of accounting as the case may be for the government-wide and governmental fund financial presentations, the Organization routinely maintains its books on the cash basis. Recording transactions and maintaining the books and records on the accrual or modified accrual basis is in accordance with generally accepted accounting principles. We realize the cash basis method of accounting is easy to administer and understand. We also understand that the procedures and effort required to maintain your books on the generally accepted basis of accounting throughout the year can be time-consuming. Thus, we acknowledge that the books are kept on a cash basis, and adjustments are made only at year-end with our assistance.

Management acknowledges the condition as described above. However, during the year financial information is prepared for internal management use only and is not disseminated outside the organization. At fiscal year end the necessary accrual adjustments are made in order for financial statements to be prepared in accordance with generally accepted accounting principles. Management feels that the cash basis information developed during the year is adequate for their monitoring purposes.

**EAST BATON ROUGE PARISH JUVENILE COURT
SCHEDULE OF CORRECTIVE ACTION TAKEN
ON PRIOR YEAR FINDINGS**
Year Ended December 31, 2013

2006-1 Internal Control over Financial Reporting

Repeated in current year findings.

2006-2 Adjusting from Cash Basis to Accrual Basis

Repeated in current year findings



JUVENILE COURT

PARISH OF EAST BATON ROUGE

8333 Veterans Memorial Boulevard
Baton Rouge, Louisiana 70807

TELEPHONE (225) 354-1250
FAX (225) 357-7876

Kathleen Stewart Richey
Judge, Division A

Pamela Taylor Johnson
Judge, Division B

Donna T. Carter
Judicial Administrator

Darlene Kaufman
Deputy Judicial Administrator

The East Baton Rouge Parish Juvenile Court respectfully submits the following corrective action plan for the year ended December 31, 2013.

Name and address of independent public accounting firm:

L.A. Champagne & Co., L.L.P.
4911 Bennington Avenue
Baton Rouge, LA 70808

Audit period: Year ended December 31, 2013

The findings for the *2013 Schedule of Findings and Responses* are discussed below. The findings are numbered consistently with the number assigned to the schedule.

2006-1.

Condition: As part of the audit process, the auditor's have always assisted management in drafting the financial statements and related notes as part of their year-end audit procedures. The definition of internal control over financial reporting is that policies and procedures exist to assure an entity's ability to initiate, record, process, and report financial data consistent with assertions embodied in the annual financial statements, and that financial statements are prepared in accordance with generally accepted accounting principles (GAAP). Because the auditor's involvement is so key to that process there is an indication that the internal control over financial reporting of the Organization meets the definition of a significant deficiency as defined.

Action Taken: Management acknowledges the condition as described above. Although Juvenile Court management does not actually prepare and draft the financial statements, we have the capacity and experience to oversee the drafting of financial statements prepared in accordance with generally accepted accounting principles, we provide all of the information to be included in the financial statements and we understand the financial statement presentation. However, at this time it is not feasible for the Juvenile Court to acquire the expertise necessary to actually draft the year-end financial statements.

2006-2.

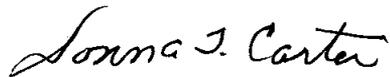
Condition: Although the year-end audited financial statements are adjusted to the accrual basis or modified accrual basis of accounting as the case may be for the government-wide and governmental fund financial presentations, the Organization routinely maintains its books on the cash basis. Recording transactions and maintaining the books and records on the accrual or modified accrual basis is in accordance with generally accepted accounting principles. The cash basis method of accounting is easy to administer and understand. Also the procedures and effort required to maintain the books on the generally accepted basis of accounting

throughout the year can be time-consuming. Thus, the auditor's acknowledge that the books are kept on a cash basis, and adjustments are made only at year-end with their assistance.

Action Taken: Management acknowledges the condition as described above. However, during the year financial information is prepared for internal management use only and is not disseminated outside the organization. At fiscal year end, the necessary accrual adjustments are made in order for financial statements to be prepared in accordance with generally accepted accounting principles. Management feels that the cash basis information developed during the year is adequate for monitoring purposes.

If there are any questions regarding this plan, please call me at 225-354-1215.

Sincerely yours,

A handwritten signature in cursive script that reads "Donna T. Carter".

Donna T. Carter
Judicial Administrator